

AXA ASIA PACIFIC HOLDINGS LIMITED
ANNUAL GENERAL MEETING – 13 APRIL 2005

CHAIRMAN'S ADDRESS – APRIL 2005

Now to my address.

I am pleased to report that 2004 was a successful year for AXA Asia Pacific Holdings Limited.

Operating Earnings, which are the most meaningful measure of the underlying performance of the business, were up 18% to \$354.2 million. This was an excellent result reflecting strong performance in both Australia and Hong Kong and further realisation of the benefits from our repositioning over the last few years.

Overall Investment Earnings were \$260.7 million, down 19% on 2003. In Australia and New Zealand, investment earnings were up 152% to \$114 million and in Hong Kong were down 48% to \$143.4 million. In fact investment returns in Hong Kong have been quite good, but investment earnings in 2003 were particularly strong due to the recovery in global equity markets in that year.

Corporate and interest expense reduced by 21% to \$67.7 million, leaving overall profit after tax and before non recurring items of \$547.2 million, up 2% on last year.

Group funds under management, administration and advice were up 17% to \$61.2 billion.



Your directors have declared a final dividend of 6.50 cents per share franked to 30% bringing the total dividend for the year to 11.75 cents per share. This is an increase of 15% over 2003 and reflects the strong operating result for the year.



Earnings per share before non-recurring items were 31.4 cents, similar to 2003. However, this measure is affected by the volatile investment earnings and to better show the underlying trend, we also show earnings per share where investment

AXA ASIA PACIFIC HOLDINGS LIMITED
ANNUAL GENERAL MEETING – 13 APRIL 2005

earnings are 'normalised' – that is calculated using our long term investment return assumptions rather than actual returns– and on that basis earnings per share were 29.6 cents, 26% higher than the prior year. On a normalised investment earnings basis, earnings per share have more than doubled since 2000.



Return on equity in 2004 was 14.1%. This ratio is also affected by volatile investment returns. On a normalised investment earnings basis, return on equity in 2004, was 13.4% up 110 basis points on 2003. As you can see, on a normalised basis, return on equity has increased steadily in the last 4 years.



So what about returns to shareholders? I am pleased to say that over the last 12 months our share price has increased strongly. For the 12 months to 1st April 2005 – the AXA Asia Pacific Holdings share price has increased by 35.1% compared with 25.3% for the S&P/ASX 100 Accumulation Index and 25.6% for the S&P/ASX 200 Insurance Accumulation Index.

Over the last 3 years, our share price has increased by compound 15.1%, compared with increases of 10.7% for the S&P/ASX 100 Accumulation Index and 10.9% for the S&P/ASX 200 Insurance Accumulation Index over the same period.

And over the last 5 years, our share price has increased by compound 15.7%, compared with increases of 9.9% for the S&P/ASX 100 Accumulation Index and 9.9% for the S&P/ASX 200 Insurance Accumulation Index over the same period.

Clearly our share price has outperformed the market generally over the last 5 years.

This is tangible evidence of the progress we have made over the last 5 years and, in particular, during 2004.



AXA ASIA PACIFIC HOLDINGS LIMITED
ANNUAL GENERAL MEETING – 13 APRIL 2005

In Australia and New Zealand Operating Earnings increased by 31% to \$192.3 million. I am pleased to report that each of our major business lines – financial protection, wealth management products and platforms, and advice – posted very strong increases in Operating Earnings.

Net retail funds flows were \$2.93 billion. Although this is a little down on what was a very strong 2003, we have maintained a top 5 ranking in both the Plan for Life and Assirt surveys, in line with our AXA 6 goals.

The value of new business increased 10% to \$76.7 million and funds under management, administration and advice were up 19% to \$52.5 billion. Our advice businesses performed well with funds under advice increasing 22% to \$5.1 billion.

All in all it was a good performance across the board in Australia and New Zealand.



Turning now to Hong Kong, Operating Earnings increased 15% to HK\$922 million reflecting good performance in all areas of our operations.

Our new business index – that is new regular premiums plus 10% of single premiums – increased 14% to HK\$1,172 million. Margins on new business remain strong with the value of new business up 18% to HK\$614 million.

Net funds flow increased 5% to HK\$3.9 billion and total funds under management were up 16% to HK\$46 billion.

We met or exceeded four out of the six M6 aspirational goals launched in Hong Kong in early 2001, fell fractionally short on the 5th and missed only one. I am pleased to report that we achieved our overarching objective to increase enterprise value to at least HK\$23 billion. At year end the illustrative enterprise value on a like for like basis was HK\$24.3 billion.

AXA ASIA PACIFIC HOLDINGS LIMITED
ANNUAL GENERAL MEETING – 13 APRIL 2005

The Hong Kong economy is growing strongly and your Directors believe we are well positioned for further growth in our core life insurance business.



And now China and South East Asia.

Although still a small part of our overall operations we are seeing encouraging growth and, in particular, strong growth in value. On a 100% share basis and constant currency basis, new business index for the region was up 18% to \$83 million and the value of new business was up 59% to A\$27 million.

Total premium income for the region was up 37% to A\$455 million and total funds under management were up 23% to A\$1.4 billion.

We had a very encouraging first year in our joint venture with Bank Mandiri in Indonesia, and in China we have recently been granted preparatory licenses for Beijing, a Group business license and a provincial license which enables us to expand throughout Guangdong province.

Your Board believes that these results clearly demonstrate that we are continuing to make good progress in our Asian operations.



Corporate governance continues to be an area that commands a lot of attention. As I have mentioned in previous years, your Board is committed to maintaining the highest standards of corporate governance. We complied fully during the year with the ASX Corporate Governance Best Practice Guidelines.

Our 2004 Directors' Report also complies with many of the new CLERP 9 provisions that come fully into force for our 2005 reporting year.

We have an independent Board with an independent Chairman and a majority of independent directors.

AXA ASIA PACIFIC HOLDINGS LIMITED
ANNUAL GENERAL MEETING – 13 APRIL 2005

The Board has a number of standing Committees in place to assist in its effective operation, including the Audit and Compliance Committee, the Remuneration and Nominations Committee, the Investment Committee and the Insurance and Operating Subsidiaries Committee. Our corporate governance policies including the Terms of Reference for all of our Board Committees are published on our website at www.axa.com.au.

We regard transparency as fundamental to good governance and believe that our shareholders need full information on which to judge our performance. I am pleased to say that we are recognised by the investment community for our high level of transparency and disclosure, and particularly for the detailed information included in our Investor Compendium. You can also access this on our website.

The Board periodically reviews its structure and this includes identifying suitable candidates for appointment as Directors. It considers personal qualities and the professional and business experience of potential new Directors, having regard to the mix of skills, experience and qualities of existing Directors. These of course will be our focus in our search for a replacement director for Peter Masfen.

To enhance Board effectiveness, the Board regularly evaluates its performance including the performance of the Chairman, our Board Committees and individual Directors. During the financial year ended 31 December 2004, the Board carried out a formal review of its performance and effectiveness with the assistance of an external consultant.

We also have an induction process for new Directors and we encourage Directors to update and enhance their skills and knowledge.



As you are well aware, on 6 August 2004, AXA SA, our majority shareholder with just over 51% of our shares, approached the Board to seek its support for a proposed

AXA ASIA PACIFIC HOLDINGS LIMITED
ANNUAL GENERAL MEETING – 13 APRIL 2005

Scheme of Arrangement under which AXA SA would acquire the outstanding shares in the Company.

A Committee of the Independent Directors, which I chaired, was formed to consider the AXA proposal with the assistance of external advisers. The work carried out reinforced the excellent prospects that AXA APH has in its core markets of Australasia and Hong Kong, as well as the growth opportunities elsewhere in Asia.

After detailed and extensive discussions, the Independent Directors were unable to reach agreement with AXA SA on a price that they felt able to recommend to shareholders. Accordingly discussions ceased on 18 October 2004.

While such negotiations are always difficult they were conducted in good spirit and we continue to enjoy a close working relationship with AXA SA.



AXA APH is committed to responsible behaviour toward key stakeholders including customers and advisers, employees, shareholders, suppliers, the broader community and the environment. We take our responsibilities in this regard very seriously.

An important element of our commitment is a recognition of the importance of social, economic and environmental factors in the formulation of our strategy, execution of our plans and in our business operations.

We are committed to incorporating environmental considerations into our decision-making process including promoting an environmentally responsible approach to our operations, endeavouring to increase our participation in environmental initiatives and developing comprehensive policies on sustainability in conjunction with the global AXA Group.

We are very clear about our responsibilities to the communities in which we operate. Our commitment to the community is driven by our belief that we have a

AXA ASIA PACIFIC HOLDINGS LIMITED
ANNUAL GENERAL MEETING – 13 APRIL 2005

responsibility to support the local communities in which we conduct business and where our staff live and work.

As we all know, the end of the 2004 year was marred by the dreadful tragedy caused by the earthquake and tsunami in South East Asia. And in March this year, more devastation was caused by the earthquake in Northern Sumatra.

Whilst our operations in Thailand and Indonesia were not directly affected, our presence in those countries means that we are particularly aware of the scale of these tragedies and the impact they have had on hundreds of thousands of people.

We have contributed \$A500,000 to the Red Cross and World Vision appeal and have assisted in other ways in Thailand, Indonesia and Australia. The AXA Group will also provide financial support for research and development of a tsunami warning system to prevent future disasters of such magnitude.

In Australia we also provide regular meals for clients of the Salvation Army Life Centre, Ronald McDonald House and the Brotherhood of St Laurence Coolibah Centre. AXA funds the cost of these meals and our staff volunteer their time to serve them.

We encourage our employees to engage in voluntary community and charitable activities and fully recognise the skill, time and energy volunteered by our employees. AXA Hearts in Action is a Global AXA Group community based programme that enables employees to volunteer their time, skills and knowledge thereby creating a balance between AXA's business and the community. Through AXA Hearts in Action we support charities focussing on sick or disadvantaged children, poverty and homelessness.

AXA and our employees value the communities in which we live and work and we are proud to be able to play a role in supporting and sustaining these communities.



AXA ASIA PACIFIC HOLDINGS LIMITED
ANNUAL GENERAL MEETING – 13 APRIL 2005

Looking to the future, your Directors believe the underlying fundamentals of our business are sound and we are well positioned to take advantage of the growth opportunities available in the markets in which we operate.

The Australia and New Zealand financial protection and wealth management markets are forecast to grow strongly over the medium to long term driven by an ageing population, the need for individuals to save more for their retirement, and the inadequate levels of insurance coverage compared to the needs of the average family.

Hong Kong is an attractive, high growth market with high GDP per capita, high savings ratio and moderate life insurance penetration. Economic performance has improved over the last 18 months and is being boosted by the Closer Economic Partnership Agreement with China.

Although our operations in South East Asia and China remain relatively small, they offer significant long term potential for growth. Their geographic spread provides us with an opportunity to grow organically by leveraging the skills and capabilities we have developed in Australia and in Hong Kong. Opportunities to expand into new markets in Asia through start-ups and through acquisitions are considered from time to time and in this respect we are currently looking at potential entry opportunities in India.

The underlying strength of our business is clear from our results in 2004 and as such your Directors remain optimistic about the Company's ability to deliver attractive returns for our shareholders.

On behalf of the Board and our shareholders, I would like to thank our Group Chief Executive Les Owen, our senior management team and all of our employees for their continuing commitment to achieving enhanced returns for our shareholders.

Thank you

I will now ask Les Owen our Group Chief Executive to present his Review of Operations.